

## HOUSE BILL NO. 16

INTRODUCED BY R. SOMERVILLE

BY REQUEST OF THE GOVERNOR AND THE MONTANA HISTORICAL SOCIETY

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF INVESTMENTS TO MAKE HERITAGE TOURISM LOANS TO ENTITIES AS AUTHORIZED BY THE LEGISLATURE; CREATING A HERITAGE TOURISM OVERSIGHT COMMITTEE; INCREASING THE ACCOMMODATION TAX BY 1 PERCENT AND DEDICATING THE NEW ACCOMMODATION TAX REVENUE TO REPAY THE AUTHORIZED LOANS AND TO SUPPORT HERITAGE TOURISM; PROVIDING A REFUNDABLE INDIVIDUAL MONTANA INCOME TAX CREDIT FOR THE ACCOMMODATION TAX INCREASE; PROVIDING THAT THE PROPOSED ACT BE SUBMITTED TO THE QUALIFIED ELECTORS OF MONTANA; AMENDING SECTIONS 15-65-111 AND 15-65-121, MCA; AND PROVIDING AN EFFECTIVE DATE AND ~~A RETROACTIVE~~ AN APPLICABILITY DATE."

WHEREAS, tourism is a cornerstone of the Montana economy; and

WHEREAS, nationally, 44% of the U.S. population visit historic sites and other attractions that interpret and display history; and

WHEREAS, Montana's historical and cultural heritage sites and facilities have long been neglected and are in need of capital improvements and deferred maintenance; and

WHEREAS, it is imperative to invest in Montana history and protect Montana heritage to enhance the state's economy.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-65-111, MCA, is amended to read:

**"15-65-111. Tax rate.** (1) There is imposed on the user of a facility a tax at a rate equal to ~~4%~~ 5% of the accommodation charge collected by the facility.

(2) Accommodation charges do not include charges for rooms used for purposes other than lodging."

1           **Section 2.** Section 15-65-121, MCA, is amended to read:

2           **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by  
3 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state  
4 special revenue fund to the credit of the department. The department may spend from that account in  
5 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of  
6 collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in  
7 accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this  
8 section, the department shall determine the expenditures by state agencies for in-state lodging for each  
9 reporting period and deduct ~~4%~~ 5% of that amount from the tax proceeds received each reporting period.  
10 The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures  
11 were paid by state agencies. The amount of \$400,000 each year must be deposited in the Montana  
12 heritage preservation and development account provided for in 22-3-1004. On July 1, 1997, the amount  
13 of \$45,000 is transferred to the department of commerce for purposes of a grant to the Fort Peck  
14 interpretive center. The balance of the tax proceeds received each reporting period and not deducted  
15 pursuant to the expenditure appropriation or deposited in the fund or funds from which in-state lodging  
16 expenditures were paid by state agencies or in the Montana heritage preservation and development  
17 account is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the  
18 state special revenue fund to the credit of the department of commerce for tourism promotion and  
19 promotion of the state as a location for the production of motion pictures and television commercials, to  
20 the Montana historical society, to the university system, and to the department of fish, wildlife, and parks,  
21 as follows:

22           (a) ~~4%~~ 0.8% to the Montana historical society to be used for the installation or maintenance of  
23 roadside historical signs and historic sites;

24           (b) ~~2.5%~~ 2% to the university system for the establishment and maintenance of a Montana travel  
25 research program;

26           (c) ~~6.5%~~ 5.2% to the department of fish, wildlife, and parks for the maintenance of facilities in  
27 state parks that have both resident and nonresident use;

28           (d) 20% to the heritage tourism accommodation tax account administered by the Montana  
29 historical society;

30           ~~(d)(e)~~ (e) ~~67.5%~~ 54% to be used directly by the department of commerce; and

~~(e)(f)~~ (i) except as provided in subsection ~~(1)(e)(ii)~~ (1)(f)(ii), ~~22.5%~~ 18% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(ii) if ~~22.5%~~ 18% of the proceeds collected annually within the limits of a city or consolidated city-county exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city or consolidated city-county is located, to be distributed to the nonprofit convention and visitors bureau in that city or consolidated city-county.

(2) If a city or consolidated city-county qualifies under this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city or consolidated city-county is located.

(3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials. (Terminates July 1, 2001--sec. 23(3), Ch. 469, L. 1997.)

**15-65-121. (Effective July 1, 2001) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct ~~4%~~ 5% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation or deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production

1 of motion pictures and television commercials, to the Montana historical society, to the university system,  
2 and to the department of fish, wildlife, and parks, as follows:

3 (a) ~~1%~~ 0.8% to the Montana historical society to be used for the installation or maintenance of  
4 roadside historical signs and historic sites;

5 (b) ~~2.5%~~ 2% to the university system for the establishment and maintenance of a Montana travel  
6 research program;

7 (c) ~~6.5%~~ 5.2% to the department of fish, wildlife, and parks for the maintenance of facilities in  
8 state parks that have both resident and nonresident use;

9 (d) 20% to the heritage tourism accommodation tax account administered by the Montana  
10 historical society;

11 ~~(d)(e)~~ 67.5% 54% to be used directly by the department of commerce; and

12 ~~(e)(f)~~ (i) except as provided in subsection ~~(1)(e)(ii)~~ (1)(f)(ii), ~~22.5%~~ 18% to be distributed by the  
13 department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism  
14 region to the total proceeds collected statewide; and

15 (ii) if ~~22.5%~~ 18% of the proceeds collected annually within the limits of a city or consolidated  
16 city-county exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit  
17 tourism corporation in the region where the city or consolidated city-county is located, to be distributed  
18 to the nonprofit convention and visitors bureau in that city or consolidated city-county.

19 (2) If a city or consolidated city-county qualifies under this section for funds but fails to either  
20 recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing  
21 plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism  
22 corporation in the region in which the city or consolidated city-county is located.

23 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual  
24 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit  
25 tourism corporation may be used by the department of commerce for tourism promotion and promotion  
26 of the state as a location for the production of motion pictures and television commercials."

27

28 NEW SECTION. Section 3. Accommodation tax credit. There is allowed as a refundable credit  
29 against the taxes imposed by 15-30-103 a credit equal to 20% of the tax paid under 15-65-111.

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1        **NEW SECTION. Section 4. Heritage tourism loans.** (1) The board of investments is authorized to  
2 issue loans to the agencies of state government and to local governments and local government  
3 subdivisions that are the responsible entities for projects authorized by the legislature. The loans may not  
4 exceed the approved loan amounts. The loans may be issued incrementally over a period of 10 years and  
5 structured for payback over a period not to exceed 20 years.

6        (2) The interest rate for the loans must be the short-term investment pool rate calculated by the  
7 board of investments for the life of the loan. The principal and interest of a loan must be paid from the  
8 heritage tourism accommodation tax account established in [section 5].

9        (3) Loans to the responsible entities for heritage projects authorized by the legislature may be  
10 approved quarterly by the board of investments in an amount that, in total, does not exceed \$40 million  
11 over the 10-year period from July 1, 2001, through June 30, 2011.

12  
13        **NEW SECTION. Section 5. Heritage tourism accommodation tax account.** (1) There is a heritage  
14 tourism accommodation tax account in the state special revenue fund. The account is managed by the  
15 Montana historical society. A portion of the proceeds of the tax imposed by 15-65-111 must be deposited  
16 in the account in accordance with 15-65-121(1)(d). Money deposited in the account must be used for:

17        (a) administrative costs of the heritage tourism oversight committee as appropriated in the general  
18 appropriations act;

19        (b) loan repayments to the board of investments for authorized projects; and

20        (c) related heritage tourism projects that may be authorized by the legislature, to the extent that  
21 funds are available after the commitments for subsections (1)(a) and (1)(b) have been met.

22        (2) Interest earned on the account is retained in the account. Other money may be deposited in  
23 the account.

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25        **NEW SECTION. Section 6. Heritage tourism oversight committee.** (1) There is a Montana heritage  
26 tourism oversight committee that is composed of not less than nine members, as follows:

27        (a) the director of the Montana historical society, established in 22-3-101;

28        (b) the director of the travel Montana program operated by the department of commerce;

29        (c) the administrator of the parks division of the department of fish, wildlife, and parks, established  
30 in 2-15-3401;

(d) one member appointed by the speaker of the house of representatives;

(e) one member appointed by the president of the senate;

(f) the director of the Montana heritage preservation and development commission, established in 22-3-1002;

(g) the coordinator of Indian affairs, established in 2-15-217, or another delegate agreed upon by the tribal councils of the Montana Indian tribes and appointed by the coordinator;

(h) the director of the Lewis and Clark bicentennial commission, established in 2-15-150; and

(i) one member appointed by the governor, who must have an interest in developing and supporting heritage tourism.

(2) The committee is responsible for coordinating the implementation of heritage tourism loans in accordance with [sections 4 and 5], furnishing any authorized project schedules required by the board of investments, and maintaining the loan payment and repayment records.

(3) The committee is allocated to the Montana historical society for administrative purposes, and the society shall adopt the rules that may be necessary to implement and administer [sections 4 and 5] and this section.

(4) Members of the committee shall serve without compensation, and their costs must be paid by their respective state agencies, except the two members appointed by the presiding officers of the legislature and the appointee of the governor must be reimbursed as provided in 2-18-501 through 2-18-504. Funds for this purpose must be appropriated in the general appropriations act to the Montana historical society administration program from the heritage tourism accommodation tax account.

**NEW SECTION.** **Section 7. Approval of projects -- use of loan proceeds.** Upon review and approval by the Montana heritage tourism oversight committee provided for in [section 6], the listed entity may apply for a loan from the board of investments, as follows:

Heritage Project	Recommended Funding
Virginia City-Nevada City	<del>\$19,000,000</del> <u>\$14,000,000</u>
Daly Mansion	<del>4,000,000</del> <u>2,500,000</u>
Moss Mansion	450,000
Original Governor's Mansion	300,000
Planning and Design of Historical	

1	Society Museum Center	1,000,000
2	Heritage Grants to Local Communities	<del>2,000,000</del> 10,500,000
3	State Park Heritage Properties, FWP	<del>6,500,000</del> 4,500,000
4	Lewis and Clark Bicentennial Commission	6,750,000

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6        NEW SECTION. Section 8. Severability. If a part of {this act} is invalid, all valid parts that are  
7 severable from the invalid part remain in effect. If a part of {this act} is invalid in one or more of its  
8 applications, the part remains in effect in all valid applications that are severable from the invalid  
9 applications.

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11        NEW SECTION. SECTION 9. SUBMISSION TO ELECTORATE. THE QUESTION OF WHETHER THIS ACT WILL BECOME  
12 EFFECTIVE SHALL BE SUBMITTED TO THE QUALIFIED ELECTORS OF MONTANA AT THE GENERAL ELECTION TO BE HELD IN  
13 NOVEMBER 2002 BY PRINTING ON THE BALLOT THE FULL TITLE OF THIS ACT AND THE FOLLOWING:

14        II        FOR INCREASING THE ACCOMMODATION TAX BY 1% TO REPAY HERITAGE TOURISM LOANS AND  
15        PROVIDING A REFUNDABLE INCOME TAX CREDIT FOR THE INCREASED TAX.

16        II        AGAINST INCREASING THE ACCOMMODATION TAX BY 1% TO REPAY HERITAGE TOURISM LOANS AND  
17        PROVIDING A REFUNDABLE INCOME TAX CREDIT FOR THE INCREASED TAX.

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19        NEW SECTION. Section 10. Codification instruction. (1) {Section 3} is intended to be codified  
20 as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply  
21 to {section 3}.

22        (2) {Sections 4 through 6} are intended to be codified as an integral part of Title 22, chapter 3,  
23 part 10, and the provisions of Title 22, chapter 3, part 10, apply to {sections 4 through 6}.

24

25        ~~NEW SECTION. Section 10. Effective date.~~ [This act] is effective July 1, 2001.

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27        ~~NEW SECTION. Section 11. Retroactive applicability.~~ [Section 3] applies retroactively, within the  
28 meaning of 1-2-109, to tax years commencing after December 31, 2000.

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30        NEW SECTION. SECTION 11. EFFECTIVE DATE -- APPLICABILITY. THIS ACT IS EFFECTIVE ON APPROVAL BY THE

1 ELECTORATE AND APPLIES TO TAX YEARS BEGINNING AFTER DECEMBER 31, 2002.

2 - END -